

Service Date: January 19, 1979

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

In the Matter of the Application)	
of the City of Livingston for au-)	DOCKET NO. 6616
thority to increase rates for)	TEMPORARY ORDER NO. 4479
sewer service)	

APPEARANCES

For The Applicant

Robert L. Jovick, Attorney at Law, 108 West Callender Street,
Livingston, Montana 59047

For The Protestants

Geoffrey L. Brazier, Montana Consumer Counsel, 34 W. Sixth
Avenue, Helena, Montana 59601

For The Commission

Robert F. W. Smith, Attorney at Law
James P. Dwyer, Rate Analyst

Before

James R. Shea, Commissioner, Acting Chairman
George Turman, Commissioner
Thomas J. Schneider, Commissioner

APPLICATIONS AND PROCEEDINGS

1. On September 14, 1978, the City of Livingston (Applicant) filed a petition with the Montana Public Service Commission (PSC) requesting that the PSC authorize Applicant to increase its sewer rates for additional revenue to proceed with the engineering and testing for design of a secondary waste water

treatment facility.

2. On September 29, 1978, the PSC issued a notice of proposed public hearing, notifying the Applicant's consuming public of the filing of the application and of the opportunity to be heard on the application if so requested. A request for hearing was received in this proceeding.

3. On October 18, 1978, the MCC filed a protest and request for public hearing in this docket.

4. On October 24, 1978, the MCC issued data requests to the Applicant.

5. On November 6, 1978, the Applicant filed a motion for temporary rate increase in this docket. The Montana Consumer Counsel (MCC) filed a reply and objection to the motion for temporary rate increase on November 8, 1978.

6. On November 6, 1978, a Notice of Public Hearing in Docket No. 6616 was issued. This notice set the matter for hearing on Tuesday, December 5, 1978, at 10:00 a.m. in the Community Room, Park County Courthouse in Livingston.

7. On November 8, 1978, the applicant filed answers to the MCC data request.

8. In the agenda meeting of November 15, 1978, the Commission deferred action on the motion for interim rate relief, due to the proximity of the hearing date, the size of the increase, and the proposed procedural rules on interim relief.

9. A public hearing on this matter was conducted in the Community Room of the Park County Courthouse in Livingston, Montana on Tuesday, December 5, 1978.

10. The hearing was conducted under the Commission's procedural rules for contested cases as contained in the Administrative Rules of Montana.

11. The Applicant presented four witnesses: Jerry Tacke, City Superintendent; the Honorable Harold Guthrie, Mayor; Mr. John Conell, for Christian, Spring, Sielbach & Associates; and Jennie Adams, City Clerk.

12. The Protestant, MCC, participated by way of discovery, cross examination, motions and objections.

13. At the close of proceedings, the Applicant renewed its motion for temporary rate increase, which was objected to by MCC.

14. MCC moved to strike from any tariff resulting from these proceedings proposed tariff provision (e) which purports to impose liability upon non-users.

The Commission having taken the evidence and heard the parties and being fully advised in the premises makes the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1) Test Year

From all of the data submitted in this case, the PSC finds that the most reliable current data is that contained in Exhibit #10.

In keeping with this Commission's municipal rate-making custom and practice, the PSC finds that the appropriate test year for the Applicant in this case would be the fiscal year ended June 30, 1978, with adjustments for known and measurable changes occurring within the reasonably foreseeable future at a point in time close enough to the close of the test year to permit reasonably reliable matching of revenues and expenses. For the purposes of this proceeding, the PSC will treat Applicant's Exhibit #9 as a proposal for adjustments for known and measurable changes.

2) Expenses

Salaries (Ex. 9)		\$ 43,496
Benefits (Ex. 9)		6,169
Insurance (Ex. 9)		<u>3,608</u>
Total Personal Services		\$ 53,273
Utilities and Phone (Ex. 10)	\$ 5,933	
Office Expense & Supplies (Ex. 10)	580	
Clerical Charge for Billing (Ex. 10)	4,500	
Maint. of Trunks and Laterals (Ex. 10)	5,503	
Motor Vehicle Expense (Ex. 10)	515	
Chemical Chlorine etc.(Ex. 10)	4,116	
Purification System (Ex. 10)	3,908	
Water Service Contract (Ex. 10)	100	
Maint. of Buildings & Fixtures (Ex. 10)	3,462	
Transmission Expense (Ex. 10)	717	
Claims for Damage (Ex. 10)	23	
Insurance (Ex. 10)	<u>\$ 2,468</u>	
Total Other Expense		\$ 31,825
Depreciation Expense (Ex. 10)	4,359	
New Depreciation Expense		
Plant Design 106,901) 20	5,345	
Equipment 13,146) 5	<u>2,629</u>	
Total Depreciation		12,333
(a) Interest on Registered Warrants		<u>8,247</u>
Total Expenses		\$105,678
(a) Cash on Hand 6/30/78	\$ 13,229	
Capital Outlay	(106,901)	
Other Equipment	(13,146)	

Purification	<u>(11,000)</u>
Total Deficit 6/30/78	\$117,818
Interest Rule	<u>x 7%</u>
	\$ 8,247

3) Debt Service

By the admission of all witnesses for the Applicant testifying on the subject, there is no outstanding indebtedness of the Applicant Sewer Department, and therefore there is no current debt service obligation.

4) Revenue Requirement

FY 78 Revenues (Ex. 10)	\$ 59,304
Total Expenses FY 79 (FF 2)	<u>-105,678</u>
Deficit	\$ 46,374

(5) Rate Structure

In previous temporary orders the Commission has not changed the existing rate structure. Accordingly, the Commission finds that the rate structure shall not be modified in this temporary Order but that the revenue increase should be achieved by an across the board 78% increase,

$(46,374)$
 $(59,304) = 78\%$

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over parties and proceedings in this matter and such jurisdiction has been properly exercised.
2. The rates and rate design authorized herein are justified.
3. The rates and charges authorized herein are just and

reasonable and not discriminatory.

ORDER

IT IS HEREBY ORDERED THAT:

1. Applicant shall file tariffs reflecting a 78% across the board increase in the present rates.
2. This is a temporary order and all rates herein specified are subject to change in the final order.
3. All revenues collected under this order are subject to rebate plus interest of 6% pending the final order.

Approved tariffs will be effective on and after February 1, 1979.
Done in open at Helena, Montana this 11th day of December, 1978
by a 5 - 0 vote.

GORDON E. BOLLINGER, Chairman

P. J. GILFEATHER, Commissioner

THOMAS J. SCHNEIDER, Commissioner

JAMES R. SHEA, Commissioner

GEORGE TURMAN, Commissioner

ATTEST:

Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: You are entitled to judicial review of the final decision in this matter. If no Motion for Reconsideration is filed, judicial review may be obtained by filing a petition for review within thirty (30) days from the service of this order. If a Motion for Reconsideration is filed, a Commission order is final for purpose of appeal upon the entry of a ruling on that motion, or upon the passage of ten (10) days following the filing of that motion. cf. the Montana Administrative Procedure Act, esp. Sec. 82-4216, R.C.M. 1947; and Commission Rules of Practice and Procedure, esp. 38-2.2(64)-P2750, ARM.